

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
MEDICAL ASSISTANCE ADMINISTRATION
Olympia, Washington**

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| To: | Inpatient Hospitals Managed Care Plans Regional Administrators CSO Administrators | Memorandum No. 02-64 MAA Issued: July 1, 2002 Supersedes: 95-05 |
| From: | Douglas Porter, Assistant Secretary Medical Assistance Administration | For further information, call: 1-800-562-6188 |
| Subject: | Clarification of MAA's Notification Requirements for Discontinuing Inpatient Hospitalization When No Longer Medically Necessary | |

This memorandum clarifies the Medical Assistance Administration's (MAA) notification requirements and reimbursement policy for situations where a client no longer requires medically necessary, inpatient hospital medical care but chooses to remain in the hospital past the period of medical necessity.

Notifying an MAA client that medical care is no longer needed:

A hospital's Utilization Review (UR) Committee must comply with the Code of Federal Regulations 42 CFR 456.131 through 42 CFR 456.135 prior to notifying a Medical Assistance client that he or she no longer needs medical care. The hospital is **not required** to obtain approval from MAA or MAA's contracted External Quality Review Organization (EQRO) at the client's discharge. Clients who have dual Medicare/Medicaid coverage are governed by Medicare's noncoverage rules.

According to 42 CFR 456.136, a hospital's UR plan must provide written notice to MAA if a Medical Assistance client decides to stay in the hospital when it is not medically necessary. This written notice must be sent to:

**Division of Medical Management
Quality Review Services Section
PO Box 45506
Olympia, WA 98504-5506**

Reimbursement for services that are not medically necessary:

MAA does not reimburse for hospital services beyond the period of medical necessity. An MAA client who chooses to remain in the hospital beyond the period of medical necessity may choose to pay for continued inpatient care as an MAA noncovered service. The client must accept financial responsibility. In order to bill the client for any MAA noncovered service, providers must comply with the requirements in Washington Administrative Code (WAC) 388-502-0160. These requirements are also published in MAA's General Information Booklet under *Billing the Medical Assistance Client*.

If a client refuses to leave the hospital once he or she no longer needs inpatient hospital-level medical care it is the responsibility of the hospital officials, not MAA, to decide on a plan of action for the patient.



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